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FISCAL IMPACT STATEMENT

LS 7168 | **NOTE PREPARED:** Dec 28, 2006
BILL NUMBER: SB 206 | **BILL AMENDED:**

SUBJECT: Pollution Control Expenses for Energy Facilities.

FIRST AUTHOR: Sen. Gard | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL | **IMPACT:** State & Local
X DEDICATED
FEDERAL

Summary of Legislation: This bill amends the definition of "clean coal technology" in various statutes. The bill defines the term as a technology used at an electric generating facility to reduce airborne emissions that are regulated, or reasonably anticipated to be regulated, by the federal government, the state, or a political subdivision of the state. (The current definition includes only technologies that reduce sulfur or nitrogen emissions.) The bill allows an energy utility to petition the Utility Regulatory Commission (IURC) for approval of a regulated air emissions project. The bill also requires the IURC to: (1) approve the project if the IURC finds the project to be reasonable and necessary; and (2) provide certain financial incentives for the project.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill could have an administrative impact on the IURC insofar as it will require the Commission to develop a mechanism for approving the regulated air emissions projects that qualify for the financial incentives provided in the bill. The bill will also require the IURC and Office of the Utility Consumer Counselor (OUCC) to develop an additional rate adjusting mechanism for qualifying utilities. These provisions are not expected to have a significant impact on the IURC or OUCC since similar procedures are already in place for clean coal and energy projects under IC 8-1-8.8-11.

While the provisions above could increase the costs of the IURC and OUCC, it is presumed that any increase will be covered using existing resources or using the funding mechanism currently provided for in law. (See *Background on IURC and OUCC Funding*, below.)

State governmental entities would be subject to any increases in utility costs caused by the provisions in this bill.

Background on IURC and OUCC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006, fees from the utilities and fines generated approximately $11.8 M.

Explanation of State Revenues:

Explanation of Local Expenditures: Local governmental entities, including schools, would be subject to any increases in utility costs caused by the provisions in this bill.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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